## THE SECOND DAY.

### *24th February 1920.*

The Assembly met at 12 noon on Tuesday, the 24th February 1920.

The consideration of the subjects, as per the list distributed to the Members on the previous day, was begun.

## I. FINANCE.

**1. Desirability of introducing income-tax with a view to lightening the burden of the land-owning public and bringing about an equality in the incidence of taxation in the State.**

*Mr. V. Velayudhaperumal Pillai* (Member, Eraniel taluk) said that as responsible citizens it was their duty to point out new and equitable sources of revenue to Government because of the increasing growth in expenditure and of the incapaciousness of the present sources of ordinary revenue. Of the existing sources of income, *viz.*, Excise, Land Revenue, Forest, Judicial, Registration and Anchal, all except the land revenue were uncertain and varying in regard to the amount expected to go into the coffers of the State. Though the output of labour required for the production of revenue from sources other than land was as much as that involved in the cultivation of land, not one cash was being realised from such landless people who were wealthy and in a position to pay, while the land-holder alone was required to pay tax in more forms than one. The classes of people, the Member had in mind, were factory owners, merchants, Vakils, Government Officers, etc. It was they who best enjoyed the advantages of civic life for the reason that their business was all in towns. That was a distinct advantage they had over the rural people already taxed. Whenever an additional item of income to Government was considered necessary, what was done was to impose a toll-cess which again affected the ryot more than the landless citizen, for, it was the former who wanted to use roads and other means of locomotion for carrying his manure, green leaf, paddy, etc. In the circumstances, the levy of an income-tax would only be just, especially in view of the large profits the merchants and traders were making. In conclusion, the Member contended that, viewed from any standpoint,—the responsibility of the non-agricultural classes, the privileges enjoyed by them at the hands of Government, the necessity of placing all people in the same position in the matter of taxation, or the need for finding new and legitimate sources of revenue,—the imposition of an income-tax was highly necessary.

*Dewan's reply.*—Noted.

**2. Desirability of appointing a Commission consisting of officials and non-officials to consider and report on the measures to be adopted by Government to improve the financial condition of the State on the lines indicated in the report of the Indian Industrial Commission.**

*Mr. M. Ousep Mathai* (Member, Trading Classes, Alleppey) said that, in view of the present economic condition of the Indian empire, every endeavour was being made to tap all sources of revenue and enhance the material welfare of the people and that the appointment of the Indian Industrial Commission and the steps taken by the authorities in British India in pursuance of their declared policy to advance the material progress in all ways were signs that have not been lost sight of in Travancore. For, the recent development of the Agricultural Department and the organisation of the Industrial Department were indications of such a progressive policy in Travancore. The Member disapproved of the appointment of Dr. Barker as Head of the Industrial Department and observed that enough advantage had not



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accrued to the people from the work done by him so far. The Member's suggestion was that a Committee consisting of officials and non-officials should be constituted for furthering the industrial advancement of the State. Among the official members the Directors of Industries and Agriculture, the State Geologist, the Registrar of Co-operative Societies and the Excise Commissioner should have seats. The second request of the Member was that a programme of industrial work should be drawn up with the sanction of Government for execution under the advice of a Standing Committee.

*Dewan's reply.*—Noted.

### 3. Receipts and Expenditure of Government.

*Mr. T. Kumara Pillai* (Member, Kalkulam taluk) prefaced his representation with the observation that the question of State finance was a matter of considerable importance both to the Government and the people. That the present regime has been devoting its earnest and particular attention to this vital problem was evident from the spirit that had prompted the institution of the Education Expenditure Committee. But that was not sufficient and did not answer the purpose fully. At the same time it was a matter of sincere gratification that, by careful and cautious husbanding of the resources of the State during the past quinquennium, not only was a critical situation got over, but the finances had been so improved as to show praiseworthy increase both under receipts and closing balance in the treasury. By his intimate knowledge of the country and its people gained in the course of his frequent tours and from the Members' representations at the Assembly, the Dewan had been able to know the real wants of the people and to put a stop to the practice of spending more than the receipts. The finances of the State could be placed on a desirable and decidedly sounder position only when the two existing conditions were removed, *viz.*, (1) Want of a steady financial policy and (2) the Revenue yielding departments being placed under natives and the spending departments under foreigners. The first of the above two conditions was then elaborately examined with special reference to the vacillating policy which characterised the administration of the Education Department. The Member explained how that policy had been constantly changing from the year 1042 when the State undertook the management of Vernacular education and observed that even now there were no definite and accepted lines of action in educational finance. The opinion of the Member was that, if the Financial Secretary had been tendering proper and timely advice to Government, there would have been better results from a financial point of view. The Member then dealt with the question of grant-in-aid and stated that the policy pursued even resulted in a set back in the progress of education, while, according to the figures quoted by the Member, the expenditure per pupil on education had been steadily going up and assuming dangerous proportions, from Rs. 2-4-chs-8 c. in 1070 to Rs. 6-11 chs-9 c. in 1094, though the rate of increase during the past four years had been very small. The swelling of figures on the expenditure side with each year was necessitated by want of adequate forethought on the part of the then authorities as to the nature of the financial burden. Taking departmental reorganisations which were then effected, the Member contended that the heads of the departments concerned were not always guided by a sense of responsibility or due sense of proportion in making their recommendations for enhancement of pay or increase of establishment and he quoted the reform of the Police Department of 1088 as an instance. In spite of the heavy additional cost involved, the lot of the constables had not been improved which, thanks to the present Government, was carried out only a few years ago. The Member averred that, in regard to the facilities of means of communication to which the tax-paying people were entitled, there was good cause for complaint. From the figures furnished by the Member, he argued that the rate of increase in the length of roads, traces, &c. was not commensurate with the growing requirements of the people, especially of such taluks as Shertallay, Ambalapuzha, &c. in north and central Travancore, nor did the amount actually spent bear any reasonable proportion to the sum realised as revenue from those taluks. On

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